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Joint Inspection Unit

Report of the Joint Inspection Unit entitled "Enhancing governance oversight role: structure, working methods and practices on handling oversight reports"

Note by the Secretary-General**

Addendum

The Secretary-General has the honour to transmit to the members of the General Assembly the comments of the United Nations System Chief Executives Board for Coordination on the report of the Joint Inspection Unit entitled "Enhancing governance oversight role: structure, working methods and practices on handling oversight reports".

* A/57/150.

** The present note was submitted late to conference services because comments had to be collected from all members of the United Nations System Chief Executives Board for Coordination.

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I. Introduction

1. The present report of the Joint Inspection Unit is part of its series of reports devoted to increasing the effectiveness of oversight in the United Nations system. It is complementary to the previous report of the Unit, entitled "More coherence for enhanced oversight in the United Nations system" (A/53/171 and Add.1), which was primarily concerned with increasing the effectiveness of the oversight structures in the secretariats of the organizations of the United Nations system. The present report, on the other hand, concerns the structure, working methods and practices of legislative organs relating to oversight (excluding oversight of technical programme management) and, in this regard, the procedures of the legislative organs for handling reports prepared by oversight mechanisms.

2. Based on an analysis of existing institutional mechanisms, procedures, membership of legislative organs and the costs of oversight governance, the Inspector found that there is a general need to rationalize, inter alia, the structures, working methods and practices of legislative organs to improve the effectiveness of their oversight function. The report notes that the governance structure in some organizations of the United Nations system is somewhat fragmented and that the costs of governance related to legislative oversight are not negligible. Furthermore, because the members of "executive" legislative organs, particularly in some of the specialized agencies, are experts in technical and specialized fields more than on administrative, financial or management issues, there is a tendency to sidetrack oversight issues. The report also states that oversight findings and recommendations are generally not linked to policy, programme planning, budgeting, management improvement and accountability systems and emphasizes that the results of oversight activities will have impact only if "recommendations are implemented and linked fully to policy and management improvements". In this context, the report laments the lack of appropriate follow-up mechanisms within the organizations of the United Nations system for ensuring that the exercise of oversight responsibilities eventually leads to improvement in policies, programmes and management processes.

3. The Inspector found that, in general, the handling of reports prepared by oversight mechanisms is still not satisfactory, especially with respect to reports of the Joint Inspection Unit. In the context of the latter, the Inspection Unit and the secretariats of participating organizations are currently pursuing discussions. In this regard, the Inspector underscores "the need to ensure specific decision-making on each of the relevant recommendations requiring legislative action, as the basis for implementation".

II. General comments

4. Promoting oversight as an instrument for improving the performance of policies, programme planning, budgeting, administration and management is seen by the members of the United Nations System Chief Executives Board for Coordination as an important growth area, building on successful initiatives taken by some of the organizations of the United Nations system. In this context, the Board members appreciated the analysis of the working methods and practices of the various organizations of the United Nations system on the effectiveness as well as weaknesses of oversight activities of legislative organs contained in the report. The members also appreciated the information concerning the diversity of structures, procedures, practices and costs entailed in the exercise of legislative oversight presented in the tables annexed to the report.

5. The recommendations contained in the report met with varied reactions from the members of the United Nations System Chief Executives Board for Coordination. While members accepted the Inspection Unit's recommendations in principle, some members pointed out their specific concerns as to the feasibility and/or practicality of the implementation strategies, while others commented on the relevance and/or applicability of some recommendations to currently established practices, especially in some of the specialized agencies.

6. Comments on each recommendation or its elements are summarized below.

III. Comments on recommendations

***Recommendation 1*: The legislative organs may wish to adopt, as a matter of principle, the following modus operandi for enhancing the effectiveness of their oversight function (paras. 19-24):**

(a) Following the intent of the General Assembly, as expressed in its resolution 50/233 of 7 June 1996 and its decision 55/461 of 12 April 2001, list thematic oversight reports, as far as feasible and practical, under the appropriate substantive agenda items, with any other relevant reports listed under the same agenda item;

(b) When more than one report (including an oversight report) is listed under a specific agenda item, review all the relevant parts of the reports listed in a comprehensive and coordinated manner;

(c) Link fully the review made in (b) above to setting policy and/or management directives on the issue (under the agenda item) in question, with specific legislative actions on the strategic, policy matters whenever required;

(d) In addition, make organizational arrangements to ensure the consideration of programme matters is linked systematically to the consideration of administrative/budgetary/financial matters;

(e) Furthermore, consider/verify, either separately or as part of the review exercises in (b) above, secretariat compliance with approved oversight recommendations while ensuring, at the same time, reinforcement of a system of secretariat accountability and responsibility.

7. The United Nations Development Programme (UNDP) pointed out that it already has an internal oversight structure, the Management Review Oversight Committee to enhance its own oversight functions. The Oversight Committee enables the UNDP Executive Board to hold informal sessions before the scheduled meetings to give members the opportunity to invite specialists to review reports that they feel require this expertise. This process has worked well and has helped to streamline the working methods of the UNDP Executive Board. All relevant issues arising from oversight reports and the follow-up measures taken are presented to the UNDP Executive Board.

8. The United Nations International Drug Control Programme (UNDCP) pointed out that governance and oversight functions are performed through the Commission on Narcotic Drugs, which has an established procedure for handling reports prepared by oversight mechanisms.

9. The internal auditor of the World Health Organization (WHO) makes available an annual report to the World Health Assembly on the previous year's significant audit results, including implementation information, in summary form. The report is discussed under the agenda item "management and financial matters", but if the Assembly so decides, specific subjects in the report may be taken up under other relevant agenda items.

10. The Board of Governors of the International Atomic Energy Agency (IAEA) currently receives a number of internal and external oversight reports for review, including reports of the External Auditor, summaries of evaluations of the Technical Cooperation Programme and summaries of results and follow-up actions on Agency evaluations. Recommendations of oversight reports continue to be incorporated into the programming cycle where appropriate. The Secretariat has observed, however, that Member States have not communicated to the Agency the need to increase efforts in the presentation of oversight reports to them.

11. The World Food Programme (WFP) noted that the recommendation (as well as recommendation 4 below), overlaps with the recommendations made by its own Working Group on Governance, established in 1999 to examine the role of its governing body, which are being implemented. An agreement reached between WFP and the Joint Inspection Unit on the handling of oversight reports was submitted for approval at the second regular session of the Executive Board of WFP (May 2002). The proposed process includes, whenever feasible and practical, the listing of thematic oversight reports under the relevant agenda item of the WFP Executive Board, as set out in recommendation 1 (a) above.

12. The International Labour Organization (ILO) holds the view that the proposed modus operandi is inconsistent with the method of consultation used by its governing body, being too detailed and requiring the governing body to hold a discussion on each oversight finding or JIU recommendation, for which it may not have sufficient time in view of its own priorities. In a similar view, the United Nations Population Fund (UNFPA) questions the practicality and the efficiency of segregating each item in oversight (and audit) reports and taking them up under corresponding substantive issues on the agenda of its Executive Board.

13. The Food and Agriculture Organization of the United Nations (FAO) points out that the thrust of recommendations 1 (b), 1 (c), 1 (d) and 1 (e) above are inherent in the mandates of its Programme and Finance Committees, or the FAO Council. However, in considering recommendation 1 (a) above, FAO was of the opinion that, while oversight reports ideally should, where applicable, be considered under the relevant agenda item, it is rarely the case that the subject matter of an Inspection Unit report submitted to the sessions of FAO's Programme and Finance Committees would coincide with another agenda item. FAO also observed that this recommendation would have little practical meaning in the context of most specialized agencies and would seem to be more germane in the context of the United Nations General Assembly.

14. With respect to ensuring linkages between the review of oversight reports and programming and policy setting activities (recommendation 1 (c) above) and reinforcing secretariat accountability and responsibility (recommendation 1 (e) above), IAEA believed that follow-up by the legislative organs of approved recommendations needed to be incorporated into the normal programming cycle, and the status of their implementation reported to Member States on an annual basis. During the 2002-2003 biennium, the Agency will fully implement a result-based programming and management approach, with one objective being to communicate more clearly with Member States and to ensure they provide feedback on their needs and expectations, thus leading to further strengthening of the oversight functions of the Member States.

15. Linking the consideration of programme matters with the consideration of administrative, budgetary and/or financial matters, as in recommendation 1 (d) above, is already being undertaken: by WFP, through documents presented for consideration by its Executive Board; by the United Nations Industrial Development Organization (UNIDO) using its programme and budget proposals; and by UNFPA through review by its Executive Board of internal and oversight reports and external audit reports.

***Recommendation 2*: In applying the modus operandi in recommendation 1 above, the legislative organs, depending on the existing arrangements, may wish to adopt measures to rationalize or strengthen governance structures as well as their working methods along the lines indicated below (paras. 25-31 and 46-48):**

(a) For the organizations with more than one committee (covering oversight at least as a part of the terms of reference, and subsidiary to the "executive" legislative organ (FAO, International Telecommunication Union (ITU), United Nations Educational, Scientific and Cultural Organization (UNESCO) and WHO):

(i) Consolidate (or convert) the existing committees basically into two; i.e., programme and administrative/budget/finance committees (option 1); or

(ii) Establish a single standing committee as subsidiary to the "executive" legislative organ by consolidating the existing committees (option 2);

(b) For the organizations with a single committee (ILO, UNIDO, Universal Postal Union (UPU), World Intellectual Property Organization (WIPO), World Meteorological Organization (WMO) and IAEA), maintain the single committee, but fully embody the modus operandi in recommendation 1 in respect of its organization and working methods, and for that purpose, broaden, when necessary, its terms of reference and enhance its authority regarding all oversight matters excluding purely technical areas;

(c) For the organizations with no committees (United Nations funds and programmes and IMO), what is required is to embody the same modus operandi in the functioning of the "executive" legislative organ itself, with the necessary structural [re-] arrangement (including the possible creation of a sessional committee);

(d) Furthermore, where it is not the case, the "executive" legislative organs, depending upon the size, resources and needs of their respective organizations, could be assisted by a small expert advisory body on administrative/financial and related managerial questions reporting to the administrative/budget/finance committee/the single committee or direct to the "executive" legislative organ (IMO).

16. In respect of recommendation 2 (as well as recommendation 3 below), IAEA took the view that the oversight structure of the Agency's Board of Governors

is effective and its membership appropriately composed as established under article VI of the Agency's statute.

17. WHO pointed out that its Audit Committee, established upon the suggestion of the WHO External Auditor, deals with all oversight matters.

18. The WFP Executive Board does not have a committee that specifically looks after administrative, budgetary and financial questions, and instead draws upon the advice of the United Nations Advisory Committee on Administrative and Budgetary Questions and the Finance Committee of FAO in all matters related to the financial administration of WFP, as stipulated in the General Regulations of the Programme. In the case of UNDCP, the Commission on Narcotic Drugs, effectively acting as its governing body, as indicated above, also draws upon the advice of the Advisory Committee on Administrative and Budgetary Questions and its report on the budget when it convenes to adopt the UNDCP budget.

19. UNIDO pointed out that, based on the functions of the legislative organs as specified in its constitution, it is primarily the Industrial Development Board as a "single committee", supported by the Programme and Budget Committee, that discharges oversight responsibilities. The Board considers reports of the External Auditor and the recommendations of the Programme and Budget Committee thereon, in addition to other reports submitted to it by the Director-General and the secretariat of the Organization. In accordance with its functions, as mandated by the UNIDO constitution and as reflected in the rules of procedure, the terms of reference of the Board are deemed to be sufficiently broad and its authority sufficiently adequate to carry out its oversight functions.

20. ILO and FAO noted that since the programme, financial and/or administrative committees of their respective governing bodies have authority over all oversight matters, the general instruction contained in recommendation 2 is already applied at both organizations.

***Recommendation 3*: In the interest of efficiency, effectiveness and economy in governance oversight, and drawing on practices in some of the United Nations organizations, the legislative organs, where applicable, may also wish to review the following questions (paras. 32-44):**

(a) Numerical composition of the "executive" legislative organs and/or their subsidiary committees, including an option of maintaining a limited/elected core membership of the committees where such is the practice, while allowing wider participation as observers by interested members of the "executive" legislative organs;

(b) Expertise and experience of the members of the "executive" legislative organs and/or their committees covering oversight, which should be represented or accompanied, to the extent possible, by individuals having managerial expertise in administrative and financial matters in addition to technical knowledge of the work of the organizations concerned;

(c) Frequency and duration of the sessions, including, inter alia, the possibility of less frequent and shorter sessions, with more streamlined agendas and focused considerations on issues requiring legislative actions;

(d) Travel and subsistence allowance to be paid to the delegates, as far as practices are in existence, including the possibility of abolishing such practices (entirely, or partially, e.g., maintain travel allowance only) as a matter of principle with due regard, however, to the capacity of countries, in particular the least developed countries, to finance their representation.

21. ILO noted that recommendation 3 is not particularly relevant, pointing out that the constitutional changes required to implement it are not likely to be considered by its governing body at this time.

22. With respect to recommendation 3 (a) above, UNIDO took the view that increased informal interaction with Member States has resulted in resource economies for sessions of the Industrial Development Board. Pre-session presentation of issues for consideration involving the permanent missions to UNIDO, regional groups and sometimes the Bureau ensures the full awareness of interested Member States and facilitates progress in achieving a common position, thereby enabling the session to finish its work in the limited time available. The informal practice of "enlarged Bureau" meetings to prepare sessions ensures broader representation by including chairpersons of all regional groups as well as members of the Bureau (officers of the respective governing

body). WFP points out that the numerical composition of the legislative organs is decided not by the WFP Executive Board but by the Economic and Social Council, the General Assembly and the FAO Council and Conference. The FAO secretariat views the membership of its legislative body as a delicate matter and does not recommend any action to modify it. It also believes that its current membership is at a reasonable level. As pointed out in paragraph 16 above, IAEA is of the opinion that the oversight structure as well as the membership of the Agency's Board of Governors is adequate, appropriate and effective.

23. Concerning recommendation 3 (b) above, member States of UNIDO generally include in their delegations individuals having managerial expertise in administrative and financial matters as well as the required technical knowledge. WFP was of the opinion that the decision as to the composition of member State delegations to the legislative organs of WFP is the prerogative of member States. In the case of FAO, its rules stipulate that membership of the Programme Committee (General Rule XXVI 1) and Finance Committee (General Rule XXVII 2) have "relevant experience and competence". WHO pointed out that the process of selection of the members of the Audit Committee is based on the presentation of a curriculum vitae of each candidate, a requirement designed to ensure membership of persons with the appropriate expertise in the relevant area.

24. With regard to recommendation 3 (c) above, considerable progress has been made by UNIDO's governing bodies since the mid-1990s in reducing the duration of its sessions, including the frequency and duration of sessions of the Industrial Development Board, which was discussed and adopted at its resumed eighteenth session in 1997. At WFP, the Executive Board is in the process of vigorously reviewing its agendas and methods of work with the objective of reducing the duration of sessions from the current 14 days (divided into 4 sessions) to 11 days (divided into 3 sessions), following the recommendations of its own Working Group on Governance. In the case of FAO, since extensive reviews have been undertaken in recent years resulting in a reduction in the length and number of sessions, further reviews are not considered useful at this time. At WHO, the duration of governing body meetings have already been shortened: by at least a week in the case of the World Health Assembly and the Executive Board; and by one or two days in the case of the regional committees.

25. In regard to recommendation 3 (d) above, article 12 of the constitution of UNIDO states: "Each Member and observer shall bear the expenses of its own delegation to the Conference, to the Board or to any other organ in which it may participate". At FAO, travel and subsistence allowances are paid under the provisions of its Basic Texts, without distinction as to the nationality of members of delegations. As most members are based in Rome (8 out of 11 in the Programme Committee and 8 out of 9 in the Finance Committee), and since, of the non-Rome based membership, all members are from developing countries, it was felt that a review of this policy would not be useful at this time. In the case of WHO, resolution WHA50.1 limits reimbursement of travel expenses of delegations attending the World Health Assembly only to those from the least developed countries (one delegate per country), while resolution WHA52.9 applies the same rule for attendance at regional meetings.

***Recommendation 4*: As a supplement to the measures being/to be taken to improve handling reports prepared by oversight mechanisms, the Executive Heads, following the practice mandated by the General Assembly of the United Nations in section II of its resolution 52/220 (para. 8), should include in the individual sections of the programme budget a summary of the relevant recommendations and related follow-up actions taken (paras. 68-70).**

26. As noted in paragraph 11 above, recommendation 4 is being implemented by WFP. In the case of UNIDO, its constructive dialogues with the Joint Inspection Unit has resulted in the adoption of a decision (IDB.24/Dec.11) by the Industrial Development Board and the implementation of a pilot scheme for follow-up of the Inspection Unit's recommendations, by integrating them into the new oversight recommendations tracking system of UNIDO.

27. The IAEA secretariat continues it practice of bringing all reports of the Joint Inspection Unit to the attention of the legislative organs and will consider increasing the frequency of notifications to ensure that they can, where appropriate, be considered in a more timely fashion. The Agency has informed Member States that all reports of the Inspection Unit are now

available online on the Unit's web site. Those reports of the Unit that are determined by the Director-General to be directly relevant will be included under the appropriate agenda item in consultation with the legislative organs, providing adequate time for its consideration. Although it is for the legislative organs to decide how they wish to respond to any item, the secretariat will naturally encourage them to provide clear guidance for implementation of directly relevant recommendations.

28. FAO could not support recommendation 4, pointing out that, while the membership of the organization has repeatedly called for a shortening of its programme of work and budget negotiations, inclusion of a summary of all relevant oversight recommendations and related follow-up actions would lead to the opposite effect. Moreover, inasmuch as appropriate follow-up arrangements are already in place, with further improvements being considered, in addition to the External Auditor reports to each meeting of the Finance Committee, internal audit reports by the Inspector General and evaluation reports by programme managers to the Programme Committee, the existing feedback mechanisms are considered adequate. Any recommendations made in the evaluation reports that have significant resource implications are usually referred to in the programme of work and budget.